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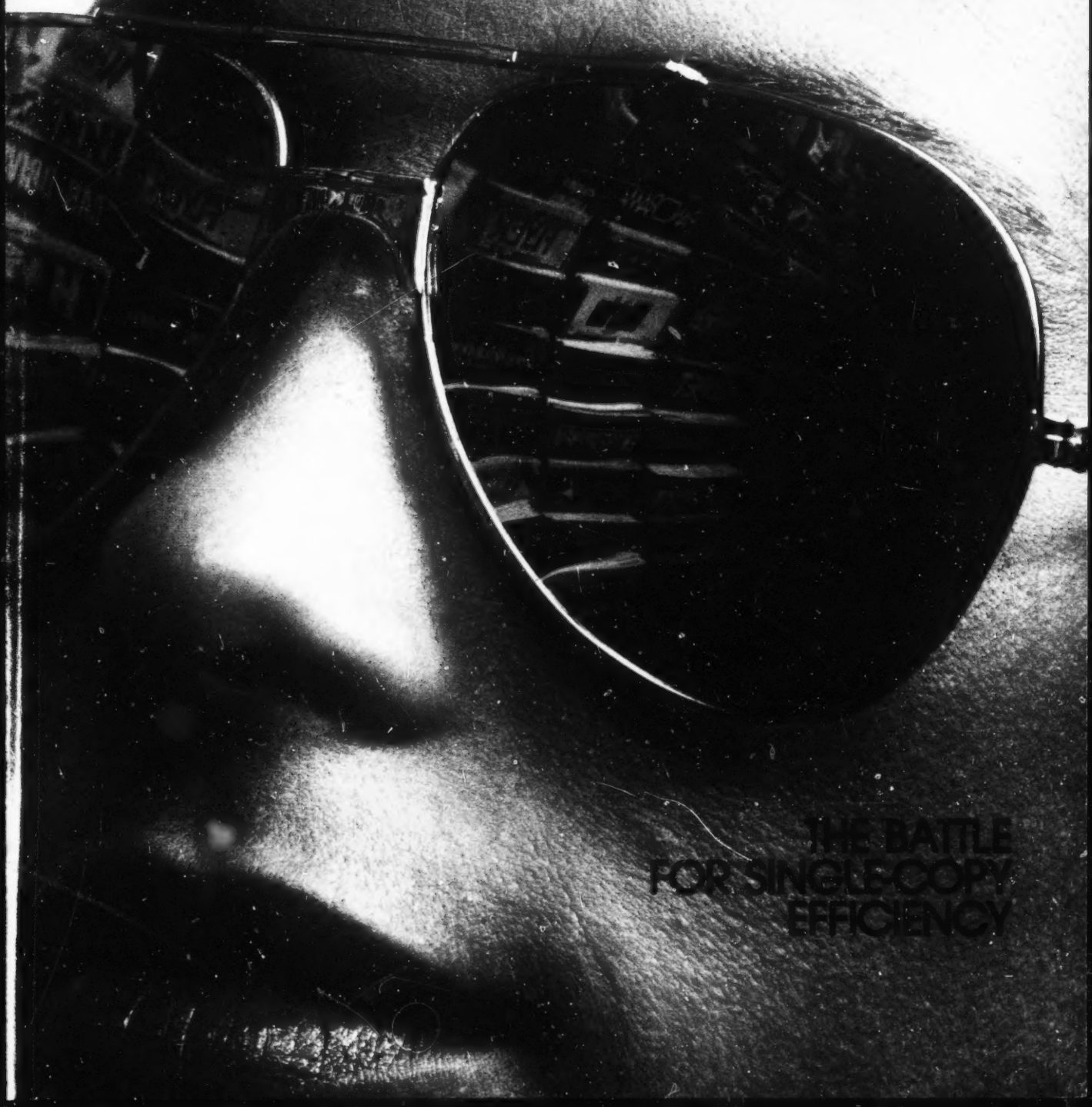
Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

SINGLE-COPY SALES: SPECIAL FOLIO SURVEY

POSITIONING: THE KEY TO SUCCESSFUL AD SALES PROMOTION

PROFILE: LOU PORTERFIELD OF COSMO



THE BATTLE FOR SINGLE-COPY EFFICIENCY

JULY 1981 VOL. 10 NO. 7

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

UPDATE

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Production

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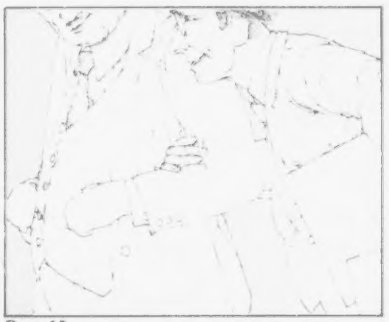

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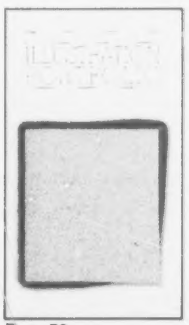

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1981 Folio single-copy sales survey

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102 circulation executives reveal their strategies and opinions on single-copy sales. Page 48.

Striving for efficiency in single-copy sales

By Melissa Lande
Everyone involved in magazine single-copy sales, from publisher to retailer, agrees that greater efficiency is necessary in the system. But that's about all they agree on. Page 53.

Positioning: the key to successful ad sales promotion

By Julie Laitin
To successfully position your magazine in the ad sales marketplace, you must know how to define your leadership and superiority over your competitors. Page 62.

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Circulation

ICD to test delivery of subscriptions through newsstands

New York City—International Circulation Distributors (ICD), the Hearst-owned national distributor, will begin testing a new concept in subscription delivery this summer. Subscribers will purchase a book of coupons from a retailer, and will be able to redeem, through that retailer, each coupon in the book for an issue of the magazine.

"Publishers will have to rely on new methods of getting copies of their magazines to subscribers as rising postal costs push the price of a mail-delivered magazine above the newsstand price," says Frank Herrera, who is vice president and director of distribution for the Hearst Magazines Division and also responsible for the direction of ICD.

The coupon test will follow a recently completed, year-long test of selling subscriptions from booths set up in department stores. Subscriptions sold this way were delivered through the mails. Tested in over 100 markets with roughly 110 magazines, the system generated $2.5 million worth of subscriptions in the year, Herrera said. He is convinced that magazine subscriptions can be sold in retail outlets.

"You have the person right there, buying the magazine, so you know he or she is interested in it and in a mood to buy," Herrera said. "Right now, wholesalers have approximately 173,000 outlets, and millions of people go through them each week. You have to take your offer to the masses, and this is the best way. You get total exposure where the people are, day in and day out. That is something you could never do with a mailing."

Not only is exposure increased, he said, but costs are reduced for the publisher. "Nobody could afford to do a mailing that size," Herrera said of the retail traffic exposed to the subscription booths. "You also save the cost of designing and producing the direct mail piece. It's a lot better than a blow-in card, too. A reader doesn't see that until he is home, and by that time he is probably out of the mood to buy."

In the new test, each subscriber will be issued a coupon book with 12 coupons, or 24, or whatever number equals the number of magazines the subscription comprises. The logistics of how the magazines will be delivered to the retailers, and how much commission will be given to each party, have yet to be worked out. "Everybody involved will get a share of it," said William Campbell, president of ICD. Campbell added that he

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Exec lists strategies for meeting 50% requirement

Denver—Printing a request qualification form on protective covers ("outserts") wrapped around recipients' copies is the most cost-efficient way for formerly controlled, primarily non-paid magazines to begin efforts to meet the Postal Service's new 50-percent request requirement for second class Alternative II (effective March 20, 1982).

This is the advice of Anthony Pertusi, director of circulation for Cahners Publishing Company, who analyzed the various alternatives for FOLIO readers. Pertusi is a frequent speaker at business publication conferences on the subject of qualifying request circulation.

Protective covers generate better response rates than do other methods that use the magazine itself as a qualification vehicle—for example, blow-in cards and insert cards—Pertusi explains. Moreover, although protective covers sometimes do not generate as large a response as direct mail efforts, and the responses come in more slowly, such covers are far less expensive than direct mail, Pertusi adds.

The protective cover should have printed on it, in addition to the

Publication delivery box score

Ordinary second class & controlled circulation publications*
January through March 1981

Zones	USPS service standard	Better than service standard	Service standard	1-3 days late	4-6 days late	7-10 days late	Later
1&2	4th day	6	10	42	18	16	8
3	5th day	20	6	47	12	11	4
4	6th day	24	8	37	16	7	8
5	7th day	18	10	34	23	12	3
6	8th day	23	12	30	21	10	4
7	9th day	26	10	34	21	4	5
8	10th day	18	10	30	20	14	8
Composite	%	19%	10%	35%	19%	11%	6%

*Data based on experience of 12 business and consumer publications (including both large- and small-volume circulation publications) using available United States Postal Service surface transportation. Source: Red Tag News Publications Association, Inc.

In this survey of 102 circulation executives, FOLIO explores the current state of magazine single-copy sales.

Single-copy sales: 1981 Folio Survey

By Barbara Love
Executive Editor

Single-copy sales is expected to be the area of biggest circulation growth for two-thirds of the magazines with circulations over one million that responded to FOLIO's single-copy sales survey. In contrast, only 23 percent of magazines with circulations under one million expect single-copy sales to be a bigger growth opportunity than subscriptions.

This is one finding from FOLIO's survey, which included responses from 102 circulation directors, each answering for one magazine with single-copy sales. Respondents are responsible for magazines with a median circulation of 101,500, for which single-copy sales contribute an average of 29.5 percent to total circulation.

The majority of participating circulation directors are not running into price resistance when they raise cover prices. Two-thirds of the respondents say that the last cover price increase they tracked did not result in fewer sales. Over half (54.4 percent) say the last cover price hike for which they have results had no impact on unit sales; and a surprising 12.7 percent report unit sales went up. About one-third (32.9 percent) say unit sales dropped after the cover price increase.

The average cover price for magazines in the survey was $1.36 in June 1979; $1.50 in June 1980; and $1.70 in June 1981. Forty-four percent raised their cover prices in 1980; 52.5 percent in 1981. Eighty-four percent increased their cover price in 1980 or 1981; 18.1 percent upped cover prices both years.

Respondents raised cover prices an average of 24.8 percent the last time around.

When asked how important a good cover is to the sale of an individual issue on the newsstand, 58.5 percent feel it's "very important"; 33 percent, "important"; and 8.5 percent, "not important."

Predictably, the cover is considered more important by circulation directors of magazines with a higher percentage of single-copy sales. Sixty-nine percent of circulation directors of magazines with more than 50 percent single-copy sales say the cover is "very important" in the sale of an individual issue versus 45.8 percent for circulation directors of magazines with zero to 10 percent single-copy sales.

Respondents gave a number of answers when asked what they think are the three most important criteria for making a cover work. The most frequently mentioned were a strong photograph, exciting sell lines, and bright colors. Other answers: "easily identifiable," "design," "content," "familiarity," "controversial subject," "topical cover," "type," "printing quality," "illustration," "strong logo," and a "good position on the newsstand."

Little voice in cover choice

Two-thirds of responding circulation directors report that they have "no" or "little voice" in choosing the cover; 26 percent say they have "some voice"; 6.25 percent "a great deal"; and 1 percent "total."

Among circulation directors responsible for magazines with over 50 percent single-copy sales, 40 percent say they have no voice in choosing the cover, 40 percent have "very little" voice, and 20 percent have "some" voice.

Mixed views on in-store checks

FOLIO asked respondents if their national distributors do in-store checks. Of those who indicated the question was applicable to them, 54.9 percent said "yes" and 45.1 percent said "no."

But respondents have mixed views as to the value of these in-store checks by national distributors. Thirty-four percent say they are "not valuable," 36 percent say they are "valuable," and 30 percent say they are "very valuable."

Return flow reports are sent by national distributors to 67.7 percent of respondents on a weekly basis and 32.3 percent of respondents at some other frequency (every 10 days, 14 days, monthly, 60 days, 90 days, 180 days).

Circulation directors report that they are able to calculate the final sale within plus or minus 5 percent in 54.4 days, on average. The answers ranged from seven days to 180 days.

The most important criteria for selecting a national distributor are "responsiveness to client," "payment terms," "strength with wholesalers," "fiscal health," "flexibility," "field force and sales information," "personnel quality," "interest in the magazine," "computerized—looking to the future," "ideas for promotion," "integrity," and "service."

Average returns: 41.6%

The average rate of returns for respondents is 41.6 percent.

When asked if the percent of returns has gone up or down in relation to a base of five years ago, 30.7 per-

cent said "up," 49.3 percent said "down," and 20 percent said "no change." The average increase is 6.4 percent; the average decrease is 12.7 percent.

For the first quarter of 1981, 25 percent of respondents report an acceleration in the number of returns they are getting. Those that have experienced such an acceleration attribute it to the following: "poor visibility," "lack of promotion," "the economy," "less wholesaler service," "price," "clutter at the checkout." By far the most frequent reason given for increased returns is "the economy."

Wide fluctuations in sales

Circulation directors report wide issue-to-issue swings in single-copy sales. The range was from 40 percent of average to 160 percent of the average. But most directors report swings from 80 percent to 125 percent.

Most respondents (70 percent) say they track the type of outlets in which their magazine is sold. Of those that do track outlets, 44 respondents report an increase in sales in the last five years in supermarkets, and between 25 and 30 respondents report increases in drugstores, convenience stores, newsstands, terminals and bookstores. Decreases were reported most in newsstands (13 respondents) and terminals (13 respondents).

Regarding retail display allowances, the circulation directors report that, on average, 47 percent of their single-copy sales in 1981 were covered by RDAs (46 percent in 1980, and 42 percent in 1979).

Many respondents (68.9 percent) report they do not have an allocation for other display expenditures other than RDA.

Half the respondents to the question on promotion have budgets for single-copy sales promotion. Of magazines with over 50 percent single-copy sales, 44.4 percent spend money on single-copy sales promotion.

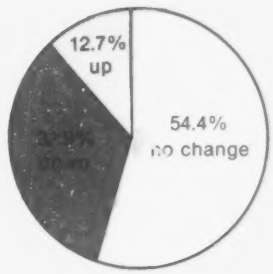
Most respondents (70.7 percent) have increased the amount of money spent on single-copy sales promotion in the last two years. Twenty-two percent have decreased the amount they spend on single-copy sales promotion; 7.3 percent report no change. Single-copy sales promotion budgets were more likely to be raised in the last two years by magazines with 10.1 to 25 percent single-copy sales.

The greatest percentage of respondents (48 percent) use radio to

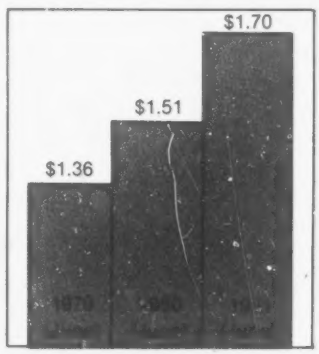
(Continued on page 80)

Source of circulation for respondents: subscriptions vs. single-copy

Impact of cover price rise on unit sales

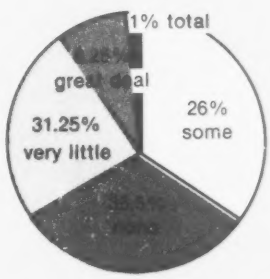


Average cover price

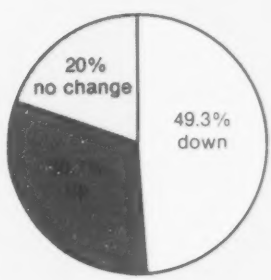


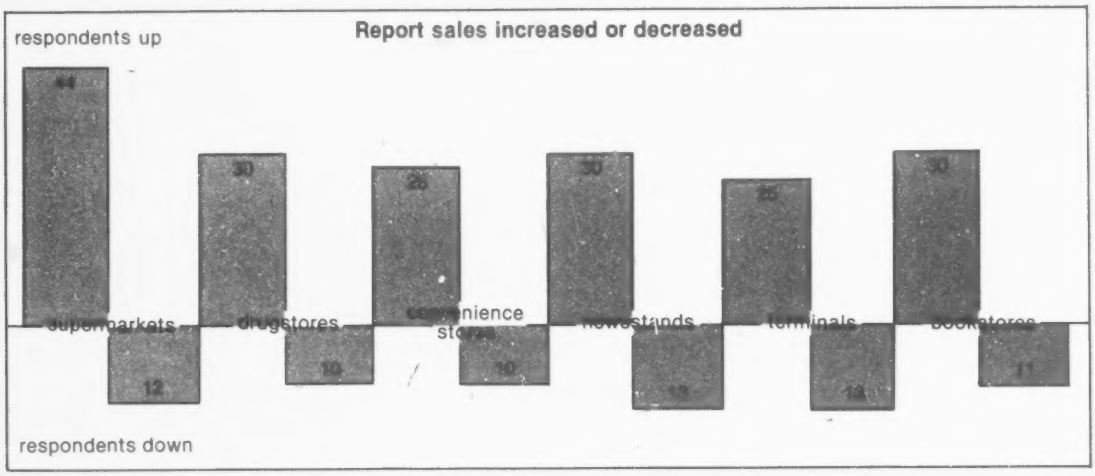
Importance of a good cover on issue performance

Circulation director involvement in cover selection

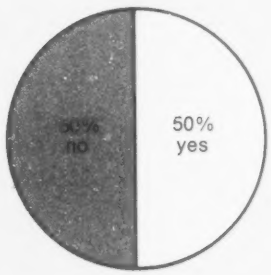


Change in percent of returns over the past five years

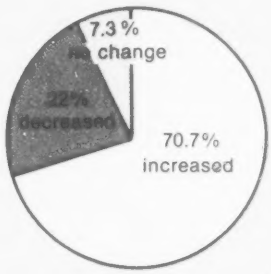




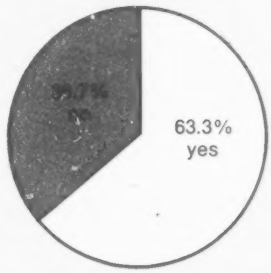
Promotion budgets for single-copy sales



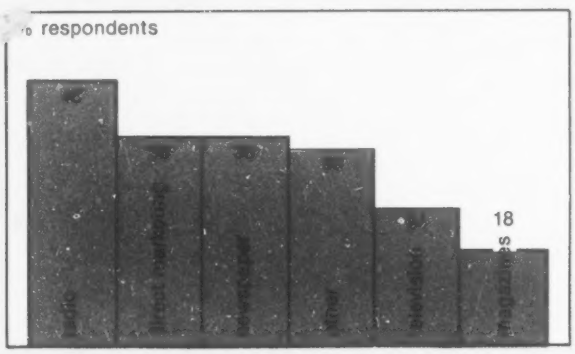
Changes in single-copy promotion budget in last two years



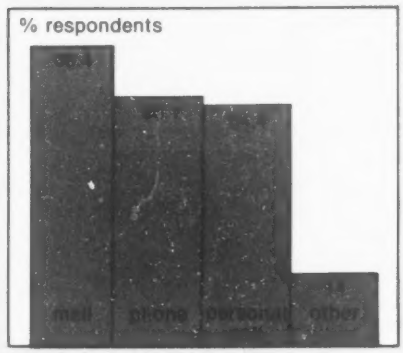
Using direct sales to specialty stores



Vehicles used for single-copy sales promotion



How magazines acquire new direct sales specialty outlets



Porterfield

(Continued from page 44)

ing women's books. Again, his medicine sounds as commonsensical as cod-liver oil. "With the support of a publishing company that believes in print, I'd begin by getting myself the best editor I could hire. That's how a turnaround must start. Then, with a sensible circulation policy and a strong advertising staff, I could make it happen. But without the right editor and editorial product, no amount of sales calls would be sufficient."

Lured to Hearst five years ago from *Ladies' Home Journal*, Porterfield is also serving as publisher/consultant of a new quarterly, *Cosmopolitan Living*. "When they hired me, those in command at Hearst made my assignment clear: Protect the 1,700-plus advertising pages we carried in 1976. Considering where we're at, I guess I blew the assignment."

He adds earnestly, "I don't know why people complicate matters. The simplest solutions and the fastest routes to success are usually staring them right in the face, but their grasp of the obvious leaves a lot to be desired."

Ira Ellenthal is executive vice president of Charleson Publishing Co., as well as publisher/editor of Product Marketing, *a monthly magazine covering cosmetics and toiletries. He writes frequently on the media.*

Single-copy sales

(Continued from page 50)

promote single-copy sales. Other vehicles used to promote single-copy sales: newspapers, 38 percent; television, 24 percent; and magazines, 18 percent.

63.3% using direct sales

Direct sales to specialty outlets are being made by 63.3 percent of respondents. Of those who say they are not selling directly to specialty stores, 56.5 percent say they plan to move in this direction in the next two years.

For magazines distributing directly to speciality outlets, this source accounts for 34.5 percent of total circulation, on average.

When asked how they acquire new direct sales specialty outlets, respondents indicated the most widely used approach is the mail (68.4 percent of respondents). Other approaches: phone, 56.1 percent; personal call, 54.4 percent.

Of magazines using direct sales to specialty outlets 78.6 percent accept returns from the outlets.

The biggest problem magazines have with direct sales is payment, respondents report. Other problems: "outlets go out of business too frequently," "finding them," "turnover," "hostility to direct mail order ads in the magazine," "resistance to no-return policy," "delivery expenses," "paperwork," "running out of copies and restocking stores."

A few respondents indicated they have no problems with direct sales, and one volunteered that "sales are much better than through a distributor."

Only 15.3 percent of circulation directors report that they have their own field force. The cost per person annually for the field force (including salary, travel and entertainment) averages $24,000.

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